

SUBCOMMITTEE NO. 1 on Education



Subcommittee No. 1

Chair, Jack Scott

Member, Bob Margett

Member, Gloria Romero

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ITEM 6110 DEPARTMENT OF EDUCATION

ISSUE 1: Overview of Governor's K-12 Education Budget

DESCRIPTION: The Office of the Secretary and the Department of Finance will present the Governor's budget proposals for K-12 education in 2008-09. Additional background information on the proposed Governor's K-12 budget is provided below.

K-12 Funding Proposed by the Governor

The Governor proposes a total of \$49.3 billion in Proposition 98 funding for K-12 education in 2008-09. This level of funding reflects a decrease of nearly \$1 billion (2.0 percent) below the 2007-08 budget, as revised to reflect mid-year reductions pursuant to AB 4XXX (Chapter 2; Statutes of 2007-08 – Third Extraordinary Session.)¹

The number of students in K-12 schools, as measured by unduplicated average daily attendance (ADA), is estimated to decrease by 30,464 in 2008-09, a decrease of 0.5 percent over the revised 2007-08 budget. Average per-pupil Proposition 98 funding is estimated to be \$8,368 in 2008-09, a decrease of \$123 (1.4 percent) below the revised 2007-08 level of \$8,491.

| K-12 Education Budget Summary | | | | | |
|--|-------------------|---------------------------------|---------------------|----------------------|-------------|
| <i>(Dollars in Millions)</i> | | | | | |
| | Actual 2006-07 | Revised 2007-08 ^a | Proposed 2008-09 | Changes From 2007-08 | |
| | | | | Amount | Percent |
| K-12 Proposition 98 | | | | | |
| State General Fund | \$37,264 | \$37,345 | \$35,460 | -\$1,885 | -5.0 |
| Local property tax revenue | 11,753 | 12,949 | 13,850 | 901 | 7 |
| Subtotals | (\$49,017) | (\$50,294) | (\$49,310) | (-\$984) | (-2.0) |
| Other Funds | | | | | |
| General Fund | | | | | |
| Teacher retirement | \$876 | \$1,535 | \$1,111 | -\$424 | -27.6 |
| Bond payments | 1,764 | 2,084 | 2,381 | 297 | 14.3 |
| Other programs | 440 | 1,221 | 985 | -236 | -19.3 |
| State lottery funds | 979 | 936 | 936 | — | — |
| Federal funds | 6,832 | 6,698 | 6,316 | -382 | -5.7 |
| Other | 7,226 | 7,791 | 7,467 | -324 | -4.2 |
| Subtotals | (\$18,117) | (\$20,264) | (\$19,197) | (-\$1,068) | (-5.3) |
| Totals | \$67,134 | \$70,558 | \$68,507 | -\$2,052 | -2.9 |
| K-12 Proposition 98 | | | | | |
| Average daily attendance (ADA) | 5,951,933 | 5,922,913 | 5,892,449 | -30,464 | -0.5 |
| Total Funds per ADA | \$11,279 | \$11,912 | \$11,626 | -286 | -2.4 |
| Prop 98 Funds per ADA | \$8,235 | \$8,491 | \$8,368 | -\$123 | -1.4 |
| ^a Reflects actions taken in AB X3 4 | | | | | |
| Totals may not add due to rounding. | | | | | |

¹ AB 4XXX enacts a total of \$506.8 million in Proposition 98 savings in 2007-08, which includes \$488.4 million in K-12 and \$18.4 million in community colleges savings.

The 2008-09 Governor's Budget proposes \$68.5 billion in total funding for K-12 education, which reflects a decrease of \$2.1 billion (2.9 percent) above 2007-08 budget, as revised. The Department of Finance estimates that average per-pupil funding from all sources (state, local, federal, other) totals \$11,626 in 2008-09, a decrease of \$286 below the \$11,912 per-pupil amount in 2007-08, as revised.

Governor's Overall Proposition 98 Budget

Total Proposition 98 funding for K-14 education in 2008-09 is proposed at \$55.6 billion, a decrease of \$962 million, or 1.9 percent, below the revised 2007-08 budget, as indicated by the table below.

| K-14 Proposition 98 Appropriations Summary <i>(Dollars in Millions)</i> | 2007-08 Budget Act | 2007-08 Revised * | Proposed 2007-08 | \$ Change | % Change |
|---|--------------------------|----------------------|---------------------|---------------|-------------|
| <i>Distribution of Prop 98 Funds</i> | | | | | |
| Department of Education | \$50,797 | \$50,294 | \$49,310 | -\$984 | -2.0 |
| Community Colleges | 6,209 | 6,189 | 6,223 | 34 | 0.5 |
| Other Agencies** | 119 | 119 | 106 | -12 | -10.2 |
| Total | \$57,125, | \$56,709 | 55,640 | -\$962 | -1.9 |
| <i>Prop 98 Fund Source</i> | | | | | |
| State General Fund | \$41,479 | \$41,601 | \$39,593 | -\$2,007 | -4.8 |
| Local Property Taxes | 15,646 | 15,001 | 16,046 | 1,045 | 7.0 |
| Total | \$57,125 | \$56,602 | \$55,640 | -\$962 | -1.7 |

* Reflects actions taken in AB 4XXX.

** Includes Division of Juvenile Justice (Formerly California Youth Authority), State Special Schools, Commission on Teacher Credentialing, Dept. of Developmental Services, Dept. of Mental Health, School Facilities Aid Program, American Indian Education Centers.

Of the \$55.6 billion in Proposition 98 spending for K-14 education in 2008-09, \$49.3 billion is appropriated to the Department of Education for K-12 schools; \$6.2 billion for Community Colleges; and \$106 million for all other state education agencies.

General Funds comprise \$39.6 billion (71.2 percent) of total Proposition 98 funding; property taxes comprise the remaining \$16.0 billion (28.8 percent).

Governor's Major Budget Proposals – Budget Balancing Reductions & Suspension of Proposition 98

The Governor proposes **\$4.3 billion** in Proposition 98 Budget Balancing Reductions for K-12 education in 2008-09. Together with **\$483 million** in proposed reductions for community colleges, the Governor proposes a total of **\$4.8 billion** in Proposition 98 Budget Balancing Reductions in 2008-09. These reductions place Proposition 98 funding \$4 billion below the minimum guarantee in 2008-09. For this reason, the Governor is

proposing suspension of the Proposition 98 minimum funding guarantee in 2008-09. (This issue is discussed in more detail later in the Subcommittee agenda.)

The chart below summarizes the Governor's K-12 budget proposals. The \$4.3 billion in Budget Balancing Reductions for K-12 education are applied to the Governor's "workload budget". Specifically, the Governor first provides \$3.3 billion in workload increases to the 2007-08 budget and then applies across-the-board reductions totaling \$4.3 billion for virtually all K-12 education programs. These reductions bring K-12 Proposition 98 funding down to \$49.3 billion in 2008-09 from \$50.3 billion in 2007-08, as revised for AB 4XXX. This reflects a year-to-year drop in Proposition 98 of nearly \$1 billion for K-12 education in 2008-09.

| K-12 Proposition 98 Budget Proposal | |
|--|--------------------|
| <i>(In Millions)</i> | |
| 2007-08 Budget Act | \$50,796.7 |
| Reduction per AB 4XXX | -\$488.8 |
| Technical adjustments | -\$14.0 |
| 2007-08 Revised | \$50,293.9 |
| "Workload Budget" Adjustments | |
| Cost-of-living adjustment (4.9 percent) | \$2,428.1 |
| Restore funding for ongoing programs | 566.6 ^a |
| Restore reductions per AB 4XXX | \$488.8 |
| Make charter school facilities grant ongoing | \$18.0 |
| Decline in average daily attendance | -\$121.0 |
| High Priority Schools program adjustment | -29.0 ^b |
| Other | \$0.9 |
| Subtotal | (\$3,352.4) |
| Governor's "Workload" Estimate for 2008-09 | \$53,646.2 |
| Governor's "Budget Balancing Reductions" | |
| Revenue limits | -\$2,607.9 |
| Categorical programs | -\$1,727.9 |
| Subtotal | (-\$4,335.8) |
| 2008-09 Proposal | \$49,310.4 |
| ^a Portions of the deferred maintenance, Home-to-School Transportation, and High Priority Schools Grant programs were funded using one-time funds in 2007-08. ^b Funding for the program is reduced due to schools exiting the program. | |

As detailed above, the Governor provides \$3.3 billion in workload adjustments to the 2007-08 budget, as revised to reflect AB 4XXX. These adjustments reflect current law assumptions by providing growth and cost-of-living adjustments (COLAs) for K-12 programs that traditionally receive these adjustments; restore ongoing funds for programs funded with one-time dollars in 2007-08; restore Special Session reductions to the 2007-08 budget; and make other technical adjustments. Together these workload changes bring total funding for Proposition 98 from \$50.3 billion in 2007-08 to \$53.6 billion in 2008-09.

As a part of the Budget Balancing Reductions, the Governor then applies a 10.9 percent across-the-board reduction for K-12 programs to the \$53.6 billion workload budget. This equates to \$4.3 billion to K-12 education programs and affects nearly all K-12 education programs, including \$2.6 billion in reductions for revenue limit programs (general purpose funds) and \$1.7 billion for categorical programs.

In implementing the \$4.3 billion in Budget Balancing Reductions, the Governor eliminates the 4.94 percent COLA for revenue limit and categorical programs provided in the workload budget for a savings of \$2.4 billion in 2008-09. In addition, the Governor's budget makes base reductions to revenue limit and categorical programs that total \$1.9 billion in 2008-09.

The Governor proposes to restore \$2.6 billion in foregone COLA and base reductions in 2008-09 to the revenue limit program in the future. In so doing, the Governor proposes to establish a revenue limit "deficit factor" to track these funds until such time as they are restored.

ISSUE 2: Governor’s Budget Proposal – Suspension of Proposition 98

DESCRIPTION: The Governor proposes to spend **\$55.6 billion** in Proposition 98 funding for K-14 education in 2008-09. This level of funding is **\$4.0 billion** below the estimated Proposition 98 minimum guarantee in 2008-09. In order to spend below the required minimum guarantee, the Governor proposes suspension of Proposition 98 in 2008-09. Existing law authorizes the Legislature to suspend Proposition 98 in any given year through enactment of urgency legislation – separate from the budget bill – which requires a two-thirds vote.

BACKGROUND:

Calculation of the Minimum Guarantee. Proposition 98, a constitutional amendment passed by the voters in 1988 and amended by Proposition 111 in 1990, established a minimum funding guarantee for K-12 schools and community colleges. The minimum funding guarantee is calculated by one of three different formulas or “tests”, which are summarized by the Department of Finance below:

PROPOSITION 98 TEST CALCULATIONS

Test 1 – Percent of General Fund Revenues: Test 1 is based on a percentage or share of General Fund tax revenues. Historically, school districts and community colleges (K-14) received approximately 40 percent in the 1986-87 fiscal year. As a result of the recent shifts in property taxes to K-14 schools from cities, counties, and special districts, the current rate is approximately 40.96 percent.

Test 2 – Adjustments Based on Statewide Income: Test 2 is operative in years with normal to strong General Fund revenue growth. This calculation requires that school districts and community colleges receive at least the same amount of combined state aid and local tax dollars as they received in the prior year; adjusted for enrollment growth and growth in per capita personal income.

Test 3 – Adjustment Based on Available Revenues: Test 3 is used in low revenue years when General Fund revenues decline or grow slowly. During such years, the funding guarantee is adjusted according to available resources. A low revenue year is defined as one in which General Fund revenue growth per capita lags behind per capita personal income growth more than one-half percentage point. Test 3 was designed so that education is treated no worse in low revenue years than other segments of the state budget.

In years following a Test 3 funding level, the state is required to provide funding to restore what was not allocated the previous year. This is often referred to as a maintenance factor.

Test 1 has only been used once following passage of Proposition 98 in 1988. According to the LAO, Test 2 has been used in 13 of the last 20 years; Test 3 has been used in 6 of the last 20 years.

Suspension Provisions. Proposition 98 includes a provision allowing the state to suspend the minimum funding requirements for K-14 education. In so doing, the Legislature may suspend the minimum guarantee to any funding level consistent with Legislative priorities. In order to suspend, the Legislature must pass an urgency bill - other than the budget bill – requiring a two-thirds vote for passage.

Suspension History: The minimum funding guarantee has only been suspended once – in 2004-05 -- since Proposition 98 was enacted in 1988. Chapter 213, Statutes of 2004 suspended the minimum guarantee and specified that funding would be \$2 billion below the guarantee level as estimated at that time.

Maintenance Factor: In the years following a suspension of the minimum guarantee – or in a Test 3 year -- the Legislature must accelerate Proposition 98 funding until the higher amount that would have been required is fully restored. The amount that needs to be restored is referred to as the maintenance factor and it is defined as the difference between the long- term Test 2 minimum guarantee and level of funding actually appropriated during the suspension year.

Constitutional formulas specify how much maintenance factor repayment is required each year. When General Fund revenues strengthen (grow faster than personal income, i.e. Test 2), these formulas require that approximately 50 percent of additional state General Fund revenues must be dedicated to Proposition 98 until the maintenance factor is restored.

Trailer Bill: The Administration has drafted trailer bill language to invoke the suspension provisions for minimum funding guarantee for K-12 and community colleges pursuant to the California Constitution.

COMMENTS/RECOMMENDATIONS:

Maintenance Factor Level: Suspension to the \$55.6 billion level proposed by the Governor would create an additional **\$4.0 billion** in maintenance factor, which would be repaid in future years. According to the LAO, the state will end the 2007-08 year with \$100 million in maintenance factor from prior years when Proposition 98 levels were based upon Test 3. Together with this amount, suspension would bring total maintenance factor to \$4.1 billion in 2008-09.

General Fund Savings: At the expenditure levels proposed by the Governor, suspension of Proposition 98 would create **\$4.0 billion** in General Fund savings in 2008-09 and additional savings in future years until the maintenance factor is restored.

Suspension Level: The LAO points out that the Legislature has full discretion over the level of K-14 funding when it suspends the Proposition 98 minimum funding guarantee. In order to avoid disagreements that emerged after the minimum guarantee was suspended in 2004, the LAO indicates that the Legislature could pass legislation authorizing suspension without regard to the dollar amount of the suspension.

LAO Alternative Budget Also Requires Suspension: The LAO alternative budget, which will be discussed later in the agenda, also requires suspension of Proposition 98 in 2008-09.

SUGGESTED QUESTION:

- 1. The LAO recommends suspending without reference to the level of funding; does the Administration share this view? It appears from the Administration's current proposed trailer bill language that they are taking a similar approach to the LAO.***

ISSUE 3: Governor’s Budget Proposal – Across-the-Board Reductions

DESCRIPTION: The Governor proposes across-the-board reductions to K-12 programs in 2008-09 as a part of his Budget Balancing Reductions. Specifically, the Governor proposes a 10.9 percent reduction to the workload budget for virtually all Proposition 98 K-12 education programs. These savings result in a \$4.3 billion Proposition 98 reduction to the Governor’s 2008-09 workload budget, including \$2.6 billion in reductions from revenue limit apportionments and \$1.7 billion in reductions from categorical programs. The Governor proposes to establish a deficit factor to restore the \$2.6 billion in revenue limit reductions in future years.

BACKGROUND: In order to close the budget shortfall, the Governor is proposing Budget Balancing Reductions that make 10 percent across-the-board reductions for all state departments and agencies. The Governor’s reductions for K-12 education reflect a 10.9 percent reduction to the workload budget for more than 70 K-12 education programs. According to the Administration, virtually all K-12 programs were included in the across the board reductions; no major K-12 General Fund programs were excluded from the reductions.

In presenting the K-12 Budget Balancing Reductions, the Governor’s Budget Summary states the K-12 budget preserves funding for all core programs, at a slightly lower level compared to 2007-08. In making across-the-board reductions, the Governor’s approach is intended to spread the impact over as many programs as possible “to minimize the impact on each, while preserving as much funding as possible for classroom instruction.”

The Governor’s Budget Balancing Reductions for K-12 Proposition 98 education programs amount to \$4.3 billion in 2008-09, as measured against the Governor’s workload budget. The Governor’s Budget Summary defines workload budget as reflecting “what a given program will cost next year under existing law and policy.” The Governor proposes the following workload adjustments in 2008-09: Cost-of-Living Adjustments (COLAs); enrollment adjustments based upon average daily attendance; local property taxes; and funding for ongoing programs that utilized one-time funds in 2007-08.

The \$4.3 billion reductions to the Governor’s 2008-09 workload budget reflect \$2.6 billion in reductions from revenue limit apportionments and \$1.7 billion in reductions from categorical programs for school districts and county offices of education.

| Budget Balancing Reductions <i>Dollars in Millions</i> | COLA | Base Program Reduction | Total |
|--|--------------|---|--------------|
| Revenue Limits Apportionments | \$1.8 | \$.8 | \$2.6 |
| Categorical Programs | \$.6 | \$1.1 | 1.7 |
| TOTAL | \$2.4 | \$1.9 | \$4.3 |

K-12 reductions are detailed in the Governor's Budget Balancing Reduction proposals released with the Governor's Budget on January 10. These write-ups provide detailed information about the across-the-board reductions for each program that implement \$2.4 billion in COLA reductions (4.9 percent) and \$1.9 billion in base program reductions for revenue limit apportionments and categorical programs. (These figures assume an enrollment reduction of \$120 million, which reflects an estimated 0.5 percent decrease in K-12 average daily attendance in 2008-09.)

The Governor proposes to restore \$2.6 billion in foregone COLA and base reductions in 2008-09 to the revenue limit program in the future. In so doing, the Governor proposes to establish a revenue limit "deficit factor" to allow \$1.8 billion in foregone COLA and \$800 million in base reductions to be built back into the revenue limit funding base when sufficient funding is available in the future.

The Governor proposes to reduce *federal* special education funding by \$278 million in 2008-09, in addition to the \$358 million reduction in *state* Proposition 98 funds proposed for special education programs. The Governor proposes this federal funds reduction anticipating that the loss of state Proposition 98 funds would create a federal Maintenance of Effort (MOE) problem, threatening \$278 million in federal funds.

In addition to the \$4.3 billion in reductions for K-12 Proposition 98 programs, the Governor proposes \$2.4 million in reductions for four Non-98 General Fund programs. The Governor also proposes across-the-board reductions for the State Department of Education, including the State Special Schools. These issues will be discussed at future Subcommittee hearings.

LAO ANALYSIS: In assessing the impact on local K-12 schools, the LAO believes the effect would vary by program and district, but that generally districts would have to reduce the level of services they provide. It is likely districts would reduce services provided and/or reduce the number of program participants. For mandated services, districts will be required to backfill expenditures with general purpose or any reserve funds.

According to the LAO, the net effect of the Governor's across-the-board reductions varies for individual programs due to differences in growth and COLA adjustments for programs. In addition, revenue limit and special education programs that receive local property tax increases can offset the Governor's General Fund reductions.

Overall, the LAO indicates that the Governor's reductions eliminate the 4.9 percent COLA for K-12 programs and for most programs result in lower funding levels than provided in 2007-08. The LAO has summarized the actual year-to-year reductions for major K-12 education programs in the table below -- without the COLA reductions included in the Governor's workload budget. Overall, K-12 programs experience a 3.6 percent year-to-year reduction overall -- while revenue limit apportionments decline by 2.8 percent and categoricals fall by 5.4 percent.

Major K-12 Education Programs Funded by Proposition 98
(Dollars in Millions)
Revised to reflect ABXXX 4

| Revised to reflect ABXXX 4 | | | | Change | |
|--|-------|---------------------|---------------------|------------------|--------------|
| | | Revised 2007-08a | Proposed 2008-09 | Amount | Percent |
| Revenue Limits | | | | | |
| General Fund | | 23,207.4 | 21,328.5 | (1,878.9) | -8.1% |
| Local property tax | | 12,549.9 | 13,413.2 | 863.3 | 6.9% |
| Subtotals | | 35,757.3 | 34,741.7 | (1,015.6) | -2.8% |
| Categorical Programs | | | | | |
| Special education | b | 3,565.4 | 3,359.6 | (205.8) | -5.8% |
| K-3 class size reduction | a | 1,797.7 | 1,689.2 | (108.4) | -6.0% |
| Child development and care | a,c | 1,721.1 | 1,626.3 | (94.8) | -5.5% |
| Targeted Instructional Improvement Block Grant | c | 1,075.7 | 1,000.8 | (75.0) | -7.0% |
| Economic Impact Aid | a | 969.3 | 929.7 | (39.6) | -4.1% |
| Adult education | | 753.7 | 722.4 | (31.3) | -4.2% |
| Home-to-school transportation | a,c | 618.7 | 588.8 | (29.9) | -4.8% |
| After School Education and Safety Program | | 547.0 | 487.4 | (59.6) | -10.9% |
| Regional Occupation Centers and Programs | b | 524.6 | 492.0 | (32.6) | -6.2% |
| School and Library Improvement Block Grant | | 465.5 | 433.0 | (32.4) | -7.0% |
| Summer School Programs | | 420.8 | 393.5 | (27.3) | -6.5% |
| Instructional Materials Block Grant | | 419.8 | 390.5 | (29.3) | -7.0% |
| Deferred Maintenance | c | 277.4 | 262.2 | (15.1) | -5.5% |
| Professional Development Block Grant | | 274.7 | 255.6 | (19.1) | -7.0% |
| Grades 7-12 counseling | | 209.1 | 195.5 | (13.6) | -6.5% |
| Public School Accountability Act | a,c,d | 145.4 | 107.1 | (38.3) | -26.3% |
| Other | a | 1,613.2 | 1,635.1 | 21.9 | 1.4% |
| Subtotals | | 15,398.9 | 14,568.7 | (830.28) | -5.4% |
| | | | | | |
| Totals | | 51,156.3 | 49,310.4 | (1,845.9) | -3.6% |
| | | | | | |
| Not including one-time funds | | 50,294.3 | 49,310.4 | (983.9) | -2.0% |

a The 2007-08 totals reflect reductions made in ABXXX 4.

b Includes local property tax revenue.

c The 2007-08 totals include funding from one-time sources used for ongoing purposes.

d In addition to the 10.9 percent budget balancing reduction, the High Priority Schools Grant Program is reduced by an additional \$29 million in 2008-09 due to schools exiting the program.

The LAO has provided data identifying the actual year-to-year cuts for the more than 70 individual programs included in the Governor's across-the-board reductions. (See Attachment A.) This data identifies the budget item number and the associated page number of the Governor's Budget Balancing Reductions documents.

LAO RECOMMENDATION: The LAO takes a different approach to Proposition 98 K-12 education funding in 2008-09 and will present their alternative budget to the Subcommittee later in the agenda. On the issue of program reductions, the LAO recommends a more strategic approach and recommends \$180 million in reductions for programs that are duplicative, poorly structured, or technically over-budgeted. Similar to the Governor, the LAO budget does not recommend a COLA for K-12 education programs in 2008-09.

The LAO also recommends that the Legislature reject the Governor's proposal to reduce special education funding. Such a reduction would violate federal MOE requirements, resulting in a dollar-for-dollar loss in federal funding, and places a financial strain on local education agencies. The Governor's proposes a \$358 million reduction in state funding for special education. However, the LAO estimates the MOE shortfall to be \$189 million, which reflects the year-to-year reduction for special education -- adjusted

for growth. The LAO states that it is possible to apply for a federal MOE waiver, given the state's economic circumstances, however the LAO believes that such a waiver is unlikely. The US Department of Education has never approved a state MOE waiver due to financial hardship.

COMMENTS/RECOMMENDATIONS: The Governor's Budget Balancing Reductions include a \$2.4 billion reduction in COLAs and \$1.9 billion in base reductions for K-12 Proposition 98 programs. While the loss of COLA would not allow K-12 programs to obtain new funds necessary to keep pace with inflationary pressures, the program reductions would reduce funding for existing programs by \$1.9 billion below 2007-08 levels. Staff has identified a few issues the Subcommittee may wish to consider in evaluating the effect of the Governor's program reductions in 2008-09.

Across-the-Board versus Targeted Reductions. The Governor's budget proposal does not differentiate between programs and applies an across-the-board cut to virtually all programs. The LAO rejects the Governor's across-the-board approach to program reductions. Instead, the LAO argues for a more limited and strategic approach to reductions focusing on elimination of duplicative, poorly structured, technically over-budgeted and non-core programs.

Trade-Offs Between Revenue Limit and Categorical Reductions. The Governor's proposal includes both revenue limit and categorical programs. All local education agencies receive revenue limits, but categorical programs are allocated for specific needs or purposes. Deficit factors, which have traditionally been created to restore revenue limit reductions in future years, can mitigate the long-term effect of revenue limit reductions.

Protection of Needs-Based Categorical Programs. Many categorical programs are allocated to assist low-income students. Research published as a part of the *Getting Down to Facts* studies, confirmed the strong relationship between income and student achievement. In addition, a 2006 analysis conducted by the LAO found that California provides less direct funding for disadvantaged students and English learners than some other states.

Protection of Prevention & Intervention Programs. Some education programs are focused on providing prevention and early intervention services to students. For example, state funded preschool programs for low-income students would be an example of programs directed to better preparing young children for schools. For middle and high school students, a number of K-12 programs are directed to assisting students with passage of the California High School Exit Exam and providing intensive interventions to students who have not been able to pass the exam. Passage of the CAHSEE is a new requirement for graduation in California.

Programs for Special Populations of Students. A number of categorical programs are focused on improving student outcomes for students who have traditionally under-performed in our schools, such as English learners. Roughly 25 percent of our state's

students are English learners. Other such programs support special education students, foster youth, and youth in alternative school settings.

Protection of Impacted Programs. A few state programs have been running chronic deficiencies in funding, requiring deficated funding rates. Two of these programs are supplemental instruction (summer and before/after school instruction programs) and community day schools.

Federal Maintenance of Effort Issues. Due to federal maintenance of effort requirements, the Governor recognizes a potential loss of federal funds for special education programs as a result of the proposed reduction of state funds. According to the Department of Education, federal vocational education funds could also be threatened by a reduction of state funds. What other federal funds are at risk as a result of the Governor's proposed reductions to state programs?

ISSUE 4: LAO Overview of Proposition 98 & K-12 Funding

DESCRIPTION: The LAO will summarize the Governor's budget proposal for Proposition 98 and K-12 education in 2008-09 and present their overall recommendations. The LAO will also summarize the 2007-08 budget savings enacted as a part of the recent Special Session. In addition, the LAO will provide an update on K-12 school enrollments and per-pupil funding levels for Proposition 98.

Recap of Current Year Reductions

Legislation passed in the recent Special Session applied mid-year reductions to the 2007-08 Proposition 98 budget for K-14 education. These reductions have the effect of reducing the Proposition 98 minimum guarantee by \$507 million in 2007-08. As enacted by AB 4XXX (Chapter 2; Statutes of 2007-08 – Third Extraordinary Session), these changes:

- Capture \$506.8 million in savings for K-12 schools and community college programs in order to achieve current year savings and reduce the Proposition 98 minimum funding guarantee. These savings reflect excess funds available from the current year and several prior years, and provide an alternative to the \$400 million reduction in K-12 and community college apportionments proposed by the Governor.
- Move \$1.1 billion in advance revenue limit apportionment payments for K-12 school districts from July to September in 2008-09 in order to meet the state's cash needs.
- Provide a definition of "continuous appropriation" for purposes of Proposition 49 (The After School Education and Safety Program), specifying that funds are appropriated on a fiscal year basis and are available for encumbrance for one year. This change clarifies a statutory definition and does not alter the program as adopted by the voters.
- Appropriate an additional \$100 million in Proposition 98 Reversion Funds for the Emergency Repair Program (ERP) in 2007-08 pursuant to current law. This brings total funding for ERP to \$200 million in 2007-08 and makes conforming budget changes.

LAO Alternative Proposition 98 Budget

Overall Approach: The LAO's alternative Proposition 98 budget for K-12 schools and community colleges provides a very different outcome than the Governor's budget. Specifically, the LAO alternative would:

- Provide \$57.7 billion for Proposition 98 in 2008-09 -- roughly the same amount of ongoing program support as in 2007-08; and
- Provide \$2 billion more in ongoing Proposition 98 funding than the Governor's plan and result in a suspension of \$800 million, rather than \$4 billion proposed by the Governor.

Major Features: The LAO's alternative Proposition 98 budget for K-14 education takes a different approach to building the 2008-09 budget than the Governor and includes the following major features:

- **Takes A More Selective, Strategic Approach.** The administration proposes across-the-board cuts that reduce virtually all K-14 education programs; the LAO alternative takes a more strategic approach - weighing the merits of various programs and funding certain core programs while capturing savings that are deemed duplicative, poorly structured, or technically over-budgeted.
- **Restores Ongoing Funding for Ongoing Programs.** Similar to the Governor's plan the LAO restores ongoing funding for programs that were funded with one-time funds in 2007-08. In contrast, the LAO plan captures additional, unspent funds from child care and development programs in 2007-08. Some of these savings were captured in Special Session, pursuant to AB 4XXX. Although these additional funds are not needed in 2007-08, they would need to be partially restored in 2008-09 to ensure maintenance of services.
- **Funds Enrollment Growth; Not Cost-of-Living Increases (COLAs).** Similar to the Governor's plan, the LAO would make various growth adjustments for K-12 programs. The Governor's across-the-board reductions subsume elimination of COLAs for K-12 programs. The LAO is more explicit and would not fund a COLA for K-14 programs that typically receive them, which would cost about \$3 billion in 2008-09.
- **Covers Additional Ongoing Cost of K-14 Mandates.** The LAO would provide \$205 million to fund the estimated full-year cost of already approved K-14 mandates. For many years, annual mandate payments have been deferred to future years. While some repayment has occurred, the state currently owes \$567 million in outstanding, prior year mandate claims for K-14 education. The Governor's plan provides \$4 million for ongoing community colleges mandates, but continues to defer funding for K-12 mandates.

Alternative Budget Relies on a Number of K-14 Savings: In order to provide the level of ongoing Proposition 98 funding in 2008-09, the LAO relies on a number of alternative current and budget year savings, including:

- **Additional Current Year Savings.** The LAO had identified more than \$1 billion in existing Proposition 98 savings that will not likely be spent in 2007-08. In the

recent Special Session, the Legislature approved \$507 million in these savings, which were contained in AB 4XXX. The LAO recommends that the Legislature achieve additional savings available in the current year. These funds can be used to reduce spending that counts toward the Proposition 98 minimum guarantee without affecting schools' current operations.

- **Utilization of Settle-Up Funds.** Proposition 98 settle-up obligations are incurred when the minimum guarantee exceeds the funding level of the enacted budget in a given year. When this happens, the state is required to provide more funding to meet the higher funding requirement, i.e. to settle-up. In contrast, when the reverse happens (as in the current year), and the minimum guarantee falls after the budget is enacted, the state has no automatic tool for reducing spending, i.e. to settle-down. The LAO recommends designating some of the Proposition 98 funds appropriated to K-14 education in 2007-08 as payment toward existing settle-up obligations. Such action would avoid midyear cuts to schools. It also would ensure that the state meets the requirements of Proposition 98 for prior years before exceeding the requirement for the current year. Using settle-up in this way has the added benefit of allowing the state to prepay the settle-up payment scheduled for 2008-09 (\$150 million), thereby yielding additional budget year solution.
- **Achieve Various Selective Program Reductions.** The LAO recommends \$178.7 million in various targeted reductions for K-14 programs. These program reductions are recommended to better align funding with actual expenditures; eliminate programs that are poorly structured, duplicative or that have significantly reduced participation; and reduce funding for non-core programs. (This proposal is discussed in more detail in the following agenda item.)

Suspend Quality Education Investment Act (QEIA). The LAO recommends that the Legislature suspend the QEIA program until more additional state funding is available. The LAO further recommends that suspending for one year would allow the Legislature to consider possible program improvements, such as better integration of QEIA with other state and federal programs that focus on low-performing schools and districts. The LAO argues that ramping up such a program in the budget year while at the same time not providing a COLA to existing core programs (revenue limits and major categorical programs, including existing class size reduction and CTE programs) that also provide funding to participating QEIA schools, would be counterproductive. (This proposal is discussed further later in the agenda.)

Alternative Includes Major Categorical Reform Component: To help districts respond to a tight fiscal year, the LAO alternative includes recommendations that would provide districts with greater fiscal flexibility. Specifically, the LAO is recommending consolidation of 43 K-12 categorical programs into one base funding grant and three supplemental block grants. These recommendations will be presented to the Subcommittee at the April 1st hearing.

Enrollment Update

According to Department of Finance (DOF) population estimates, K-12 enrollment is projected to decline in 2008-09 for the fourth consecutive year, dropping by about 0.5 percent for a total enrollment of 6.2 million. K-12 enrollment levels will continue to decline until 2011-12. The recent decline in enrollment reflects the loss of children born to “baby-boomers” who are aging out of the K-12 schools – particularly high schools – and a decline in birth rates beginning in the 1990s.

Student enrollment changes play out quite differently for elementary schools and high schools than reflected by statewide trends overall. Elementary school enrollments slowed in the late 1990s and have experienced a sharp decline since 2001-02, with actual declines since 2003-04. Elementary enrollments are expected to start growing again in 2010-11. High school enrollments grew steadily in the late 1990s through 2004-05. However, beginning in 2005-06, high schools began to slow significantly. High school enrollments will continue to slow, and are projected to actually decline beginning in 2008-09. High school enrollments are not expected to grow again until 2013-14.

Enrollment trends also differ greatly among school districts. Roughly half the school districts in the state (more than 500) are currently experiencing declining enrollment. The remaining districts are growing – some slightly and some rapidly.

Per Pupil Funding Comparisons

The LAO presents a comparison of per pupil funding – all funds – for K-12 education. The LAO reports that per pupil per pupil funding for K-12 education programs has increased nearly \$3,000 over the last ten years. When adjusted for inflation, which allows more meaningful comparisons over time, per pupil funding has remained relatively flat over the last decade. In 2007-08, per pupil funding – all funds – is estimated at \$11, 626 per pupil.

SUGGESTED QUESTION:

- 1. The latest LAO forecast suggests that Test 1 factor could become operative in 2010-11. Test 1 – operative only in 1988-89-- sets minimum funding for Proposition 98 at approximately 40 percent of General Fund revenues. As forecasted, Test 1 would require large funding increases for Proposition 98 beginning 2010-11 and continuing through the next two years of the LAO forecast period. What is the LAO’s latest forecast for onset of Test 1?*

ISSUE 5: Legislative Analyst Proposal: Selected Program Savings & Reductions

DESCRIPTION: The LAO recommends **\$178.7 million** in selective program savings and reductions for K-12 education programs in 2008-09. Of this total, \$167.7 million is for K-12 programs and \$11 million for community colleges programs. The LAO has identified these savings from programs that have been deemed poorly structured, technically over-budgeted, duplicative or non-essential. The Subcommittee will consider the K-12 savings recommended by the LAO; the community college savings proposals will be heard by the Subcommittee at a future higher education hearing.

BACKGROUND:

The LAO recommends various targeted K-12 program reductions totaling \$178.7 million in 2008-09 as a part of its alternative budget proposal. Of this amount, \$167.7 million is tied to reductions for eleven K-12 programs, which are listed below.

| Recommended Categorical Program Reductions for 2008-09 | | |
|--|---------------------------|------------------------------|
| <i>(In Millions)</i> | | |
| Program | Amount^a | Rationale^b |
| Physical Education Incentive Grants | \$41.80 | Poorly structured |
| Adult education | 30 | Technical realignment |
| Economic Impact Aid | 25 | Technical realignment |
| Year Round Schools | 19 | Reduced participation |
| School safety competitive grants | 18.1 | Duplicative |
| Home-to-School Transportation | 11 | Technical realignment |
| Targeted Instructional Improvement | 10 | Technical realignment |
| High Priority Schools (corrective action) | 6 | Duplicative |
| Alternative certification/intern | 3 | Technical realignment |
| National Board certification | 2 | Technical realignment |
| Paraprofessional teacher training | 1.8 | Technical realignment |
| CCC economic development | 11 | Noncore program |
| Total K-14 Reductions | \$178.70 | |
| ^a Reflects reduction from 2007-08 Budget Act level. | | |
| ^b See text for description of various rationales. | | |

For K-12 programs, the LAO recommends reductions for two general purposes identified in the table above: (1) alignment of funding with expected spending and (2) elimination of programs that are poorly structured, duplicative, or have a significant reduction in participation.

Reductions to Align Program Funding with Expenditures. The LAO recommends the Legislature capture savings from **seven programs** in order to better align funding with anticipated spending levels. The LAO has identified year-end savings for several of these programs.

- Six programs – Economic Impact Aid, Home-to-School Transportation, Targeted Instructional Improvement, Alternative Certification, National Board Certification, and Paraprofessional Teacher Training -- have savings because of declines in student enrollment or program participation.
- For the Adult Education program, the LAO recommends reducing funding by \$30 million to capture excess growth the program has received over the past four years. Current law provides a 2.5 percent annual growth adjustment for the adult education; the LAO recommends changing the statutory rate to reflect the projected increase in the adult population. The LAO asserts that the adult population has been growing below 2.5 percent since the early 1980s when the rate was established. In the 1990s the adult population grew by an average of 1.2 percent; since 2000 the average growth rate has been 1.8 percent. The projected growth rate for 2008-09 is 1.6 percent.

Elimination of Programs that are Poorly Structured, Duplicative, or Have Significantly Reduced Participation. The LAO recommends eliminating or phasing out the following **four programs**.

- **Physical Education Incentive Grant Program.** This grant program was established by the 2006-07 Budget Act. The program provides funds to 1,142 K-8 schools in order to hire physical education teachers. Schools are selected randomly, in perpetuity, based on the size, type, and geographic location of the school. The LAO recommends elimination of this program because it does not distribute funds based on need, lacks accountability, and prioritizes physical education above other core subject areas. Elimination of this program would save **\$41.8 million** in 2008-09.
- **Year Round Schools.** The Year Round Schools (YRS) grant program provides funding for schools that operate on a multi-track year round calendar and enroll more students than the state's facility capacity standards. The YRS program provides a dollar amount per pupil that is adjusted depending on the degree to which a school site is above its capacity.

According to the LAO, over the last several years, the YRS program has experienced a decline in the number of participating school districts. In 2004-05, 16 school districts received funds through the program. Only four districts have requested funds in 2007-08. Due to statewide enrollment declines, some schools no longer qualify for the program. In addition, a majority of the schools that currently receive YRS funding are not expected to be on a multi-track calendar by 2012-13. The settlement of the Williams lawsuit in 2004 also requires the state to eliminate by 2012 the "Concept 6" calendar, a type of multi-track calendar that reduces the number of days of instruction but increases the length of the school day.

The 2007-08 budget provided \$97 million for the YRS program. To address an expected decline in the program, the LAO recommends reducing the program to \$78 million in the budget year, a reduction of **\$19 million** from the 2007-08 level. The LAO further recommends that the state phase out the entire program over a four year period by reducing the program an additional \$19 million each year until 2012-13, when most schools are expected to be off multi-track calendars.

- **School Safety Competitive Grants.** The School Safety Consolidated Competitive Grant program (SSCCG) awards grants of up to \$500,000 for a five-year period for local educational agencies (LEAs) to address school safety and violence prevention issues. This competitive grant is open to LEAs serving grades K-12 for school safety activities involving community collaboration. The LAO reports that the program lacks accountability, reporting, or evaluation requirements. In 2007-08, the state provided appropriated \$18 million for this program, providing 31 grants that served 46 schools.

The state also funds the School Safety Block Grant program, which according to LAO, serves the same purpose as SSCCG—providing grants to LEAs to address school safety and violence prevention issues. In 2007-08, the state appropriated \$101 million for this program, providing apportionments to 950 LEAs—including all 31 of the LEAs receiving SSCCG grants.

The LAO recommends that the Legislature eliminate the SSCCG program due to lack of accountability and flexibility and because the program is duplicative of the larger and more flexible School Safety Block Grant program. Eliminating this program would result in **\$18 million** in Proposition 98 savings in 2008-09.

- **High Priority Schools Corrective Action.** The 2007-08 budget appropriates \$6 million in Proposition 98 funds for state corrective actions for non-Title I High Priority schools working with School Assistance and Intervention Teams (SAITs) or to non-Title I schools subject to state and federal sanctions after participating in the Immediate Intervention/Underperforming Schools Program (II/USP). The 2007-08 budget also appropriates \$71 million in federal funding for Program Improvement, including \$20 million for SAIT corrective actions. The LAO recommends that the Legislature eliminate **\$6 million** in state funding from the High Priority Schools program for corrective actions as the program is under-spending state dollars and federal funds are available for the same purpose.

STAFF COMMENTS/RECOMMENDATIONS:

- **Continuation of Current Year Savings.** Several of the technical program reductions recommended by the LAO reflect savings that were identified as a part of the mid-year reductions process.
- **Growing Consensus for Several Proposals Aligning Funding with Expenditures.** There appears to be growing agreement among the Department of Education and

Department of Finance for a number of the LAO savings proposals. Agreements could be finalized for the Subcommittee at the May 6th hearing.

- **Adult Education.** The LAO recommendation for Adult Education, while identified as a technical realignment, would appear to reduce funding for the program because it corrects funding for prior years, after funding has been appropriated and expended. At the very least, the LAO recommendation to align program growth with growth in the adult population could commence in the budget year.
- **Additional Program Savings Options.** *Staff recommends* that the Subcommittee request the LAO to pursue additional budget savings for K-12 education programs stemming from program duplications, inefficiencies, and technical over-budgeting. The LAO could report back to the Subcommittee at the April 29th hearing. Such savings could be used to offset budget reductions for K-12 education and give the Subcommittee additional budget savings options to consider.

ISSUE 6: Legislative Analyst Proposal: Suspension of Quality Education Investment Act (QEIA)

DESCRIPTION: The LAO recommends suspension of the Quality Education Investment Act in 2008-09 for a General Fund savings of **\$450 million**.

BACKGROUND: The **Quality Education Investment Act (QEIA)** was established pursuant to SB 1133 (Torlakson), Chapter 751, Statutes of 2006 to implement a settlement agreement between the Governor and education groups involving the level of Proposition 98 funds appropriated in 2004-05 when the minimum guarantee was suspended.

Chapter 71 appropriates \$2.7 billion in one-time General Fund dollars over a seven year period beginning in 2007-08 for QEIA. General Funds for QEIA are appropriated annually on top of funds appropriated for Proposition 98. These are statutory appropriations, which are not included in the annual budget act.

A total of \$300 million is appropriated for the first year of the program in 2007-08 – including \$268 million for K-12 education and \$32 million for community colleges. The Legislation appropriates full funding of \$450 million per year beginning in 2008-09. Of this amount, \$402 million is appropriated to K-12 education, primarily for class size reduction in grades 4-12 program, and \$48 million is appropriated to the community colleges, primarily for expanding Career Technical Education (CTE).

An estimated 1,455 schools ranked in decile 1 or 2 on the 2005 Academic Performance Index (API) with a valid API are eligible for funding. Of this number, approximately 488 schools have been selected to participate in the program.

Funding is allocated to selected schools on the basis of \$500 per pupil for grades kindergarten through third, \$900 per pupil in grades fourth through eighth, and \$1,000 per pupil for grades ninth through twelfth.

LAO PROPOSAL: The LAO recommends the Legislature suspend the program until more additional state funding is available. The LAO further recommends that suspending for one year would allow the Legislature to consider possible program improvements, such as better integration of QEIA with other state and federal programs that focus on low-performing schools and districts.

The LAO argues that ramping up such a program in the budget year while at the same time not providing a COLA to existing core programs (revenue limits and major categorical programs, including existing class size reduction and CTE programs) that also provide funding to participating QEIA schools, would be counterproductive.

According to the LAO, while little information is available on how much the 488 K-12 schools participating in QEIA are spending in 2007-08, virtually none of the community college CTE funding has been awarded to date.

ATTACHMENT A.

**Governor's Budget Balancing Reductions –
Summary of Year-to-Year Changes**

| Program Name | Footnote | Item No. | BBR Pg # | 2007-08 Programmatic Funding | 0809 Total | Year to Year change amount | Year to Year change Percent |
|--|----------|---------------|----------|------------------------------|------------|----------------------------|-----------------------------|
| K-12 Revenue Limits | a | | 636 | 35,097,373 | 34,007,669 | -1,089,704 | -3.1% |
| COE Revenue Limits | a | | * | 670,057 | 698,473 | 28,416 | 4.2% |
| Special Education | a | 6110-161-0001 | 638 | 3,565,425 | 3,359,597 | -205,828 | -5.8% |
| Class Size Reduction (K-3) | | 6110-234-0001 | 688 | 1,829,662 | 1,689,217 | -140,445 | -7.7% |
| Child Care & Development | | 6110-196-0001 | 640 | 1,761,366 | 1,626,332 | -135,034 | -7.7% |
| Targeted Instructional Improvement Grant (TIIG) | b, c | 6110-246-0001 | 755 | 1,075,731 | 1,000,751 | -74,980 | -7.0% |
| Economic Impact Aid | | 6110-128-0001 | 692 | 994,279 | 929,718 | -64,561 | -6.5% |
| Adult Education | b | 6110-156-0001 | 708 | 753,717 | 722,396 | -31,321 | -4.2% |
| Home to School Transportation | b, c | 6110-111-0001 | 736 | 629,714 | 588,826 | -40,888 | -6.5% |
| Afterschool Education and Safety Program | | 6110-649-0001 | 642 | 546,981 | 487,355 | -59,626 | -10.9% |
| ROC/Ps | a, b | 6110-105-0001 | 704 | 524,556 | 491,963 | -32,593 | -6.2% |
| School and Library Improvement Block Grant | | 6110-247-0001 | 734 | 465,451 | 433,009 | -32,442 | -7.0% |
| Supplemental Instruction | b | 6110-104-0001 | 648 | 420,789 | 393,466 | -27,323 | -6.5% |
| Instructional Materials Program | | 6110-189-0001 | 657 | 419,774 | 390,515 | -29,259 | -7.0% |
| Deferred Maintenance | c | 6110-188-0001 | 744 | 277,382 | 262,238 | -15,144 | -5.5% |
| Professional Development Block Grant | | 6110-245-0001 | 661 | 274,718 | 255,570 | -19,148 | -7.0% |
| Supplemental School Counseling Program | | 6110-108-0001 | 732 | 209,060 | 195,486 | -13,574 | -6.5% |
| Charter School Categorical Block Grant | b | 6110-211-0001 | 722 | 151,474 | 186,183 | 34,709 | 22.9% |
| School Accountability (HP Schools Grant/Sanctions) | c | 6110-123-0001 | 682 | 149,209 | 107,112 | -42,097 | -28.2% |
| Teacher Credentialing Block Grant (BTSA) | | 6110-244-0001 | 665 | 125,346 | 117,207 | -8,139 | -6.5% |
| Child Nutrition | | 6110-203-0001 | 644 | 123,281 | 116,211 | -7,070 | -5.7% |
| Arts and Music Block Grant | | 6110-265-0001 | 659 | 109,757 | 102,630 | -7,127 | -6.5% |
| 9th Grade Class Size Reduction | | 6110-232-0001 | 686 | 106,621 | 99,239 | -7,382 | -6.9% |
| School Safety Block Grant | b | 6110-228-0001 | 700 | 100,553 | 93,545 | -7,008 | -7.0% |
| Pupil Retention Block Grant | | 6110-243-0001 | 730 | 97,461 | 90,668 | -6,793 | -7.0% |
| Year Round Schools | | 6110-224-0001 | 753 | 97,308 | 90,526 | -6,782 | -7.0% |
| Student Assessment | | 6110-113-0001 | 684 | 85,123 | 76,095 | -9,028 | -10.6% |
| CAHSEE Supplemental Instruction | | 6110-204-0001 | 650 | 72,752 | 68,028 | -4,724 | -6.5% |
| English Language Acquisition | | 6110-125-0001 | 690 | 63,600 | 59,168 | -4,432 | -7.0% |
| CalSAFE | | 6110-198-0001 | 652 | 58,395 | 54,325 | -4,070 | -7.0% |
| Mathematics and Reading Professional Development | | 6110-137-0001 | * | 56,728 | 50,548 | -6,180 | -10.9% |
| Gifted and Talented (GATE) | b | 6110-124-0001 | 736 | 55,634 | 51,756 | -3,878 | -7.0% |
| Community Day Schools | b | 6110-190-0001 | 718 | 51,999 | 48,622 | -3,377 | -6.5% |
| Community Based English Tutoring (CBET) Program | | 6110-101-0001 | 694 | 50,000 | 44,553 | -5,447 | -10.9% |

| | | | | | | | |
|--|---|---------------|-----|-------------------|-------------------|-------------------|--------------|
| PE Teacher Incentive Grants | | 6110-260-0001 | 680 | 41,812 | 39,098 | -2,714 | -6.5% |
| Alternative Certification Program | | 6360-101-0001 | NA | 31,723 | 28,267 | -3,456 | -10.9% |
| Peer Assistance /Review | | 6110-193-0001 | 669 | 30,101 | 28,002 | -2,099 | -7.0% |
| Partnership Academies | | 6110-166-0001 | 712 | 23,490 | 20,931 | -2,559 | -10.9% |
| Foster Youth Programs | | 6110-119-0001 | 736 | 18,992 | 17,668 | -1,324 | -7.0% |
| Apprentice Program | b | 6110-103-0001 | 706 | 18,990 | 17,757 | -1,233 | -6.5% |
| School Safety Competitive Grant | | 6110-248-0001 | 702 | 18,050 | 16,792 | -1,258 | -7.0% |
| Charter School Facility Grant Program | c | 6110-220-0001 | 746 | 18,000 | 16,039 | -1,961 | -10.9% |
| Adults in Correctional Facilities | | 6110-158-0001 | 710 | 17,771 | 16,966 | -805 | -4.5% |
| Education Technology | | 6110-181-0001 | 724 | 17,705 | 16,471 | -1,234 | -7.0% |
| Early Mental Health Initiative | | | NA | 15,000 | 13,366 | -1,634 | -10.9% |
| Certificated Staff Mentoring | | 6110-267-0001 | 681 | 11,707 | 10,947 | -760 | -6.5% |
| COE Fiscal Oversight (FCMAT) | | 6110-107-0001 | 748 | 11,680 | 10,922 | -758 | -6.5% |
| K-12 High Speed Network | | 6110-182-0001 | 726 | 10,404 | 9,270 | -1,134 | -10.9% |
| County Office of Education Williams Audits | | 6110-266-0001 | 720 | 10,000 | 8,911 | -1,089 | -10.9% |
| Paraprofessional Teacher Program | | 6360-101-0001 | NA | 7,850 | 6,995 | -855 | -10.9% |
| Specialized Secondary Program Grant | | 6110-122-0001 | 716 | 6,155 | 5,727 | -428 | -7.0% |
| National Board Certifications | | 6110-195-0001 | 673 | 6,000 | 5,346 | -654 | -10.9% |
| Agricultural Vocational Education | | 6110-167-0001 | 714 | 5,201 | 4,838 | -363 | -7.0% |
| Administrator Training | | 6110-144-0001 | 663 | 5,000 | 4,455 | -545 | -10.9% |
| California School Information Services (CSIS) | | 6110-140-0001 | * | 4,594 | 4,093 | -501 | -10.9% |
| Child Oral Health Assessments | | 6110-268-0001 | 655 | 4,400 | 3,921 | -479 | -10.9% |
| District loans | | 6110-636-638 | | 3,535 | 3,535 | 0 | 0.0% |
| BTSA Regional Infrastructure | | 6110-244-0001 | 665 | 3,325 | 3,109 | -216 | -6.5% |
| Bilingual Teacher Training | | 6110-193-0001 | 667 | 2,149 | 2,000 | -149 | -6.9% |
| Deferred Maintenance | | 6350-610-001 | | 1,821 | 910 | -911 | -50.0% |
| Advanced Placement | | 6110-130-0001 | 698 | 1,793 | 1,668 | -125 | -7.0% |
| International Baccalaureate | | 6110-240-0001 | 696 | 1,280 | 1,190 | -90 | -7.0% |
| Child Nutrition Startup Grants | | 6110-201-0001 | 654 | 1,017 | 906 | -111 | -10.9% |
| American Indian Early Childhood Education | | 6110-150-0001 | 740 | 662 | 619 | -43 | -6.5% |
| Student Friendly Services Program | | 6110-140-0001 | 750 | 500 | 446 | -54 | -10.8% |
| Reader Services for the Blind | | 6110-193-0001 | 671 | 404 | 376 | -28 | -7.0% |
| Teacher Assignment Monitoring | | 6360-101-0001 | NA | 308 | 274 | -34 | -10.9% |
| Civics Education | | 6110-208-0001 | 751 | 250 | 223 | -27 | -10.8% |
| Teacher Dismissal Apportionment | | 6110-209-0001 | 674 | 48 | 45 | -3 | -6.3% |
| Mandates | | 6110-295-0001 | NA | 38 | 38 | 0 | 0.0% |
| California Association of Student Councils | | 6110-242-0001 | 757 | 33 | 29 | -4 | -12.1% |
| Total, Proposition 98 Programmatic K-12 | c | | | 51,423,064 | 49,311,148 | -2,111,916 | -4.1% |

a Includes local property tax revenue

b Includes deferral amount

c Includes one-time funds for ongoing program.

| | | | | | | | |
|---------------------------------------|-----|---------------|--|-------------------|-------------------|-------------------|---------------|
| CCC Apportionments | a,b | 6870-101-0001 | | 5,438,608 | 5,505,255 | 66,647 | 1.2% |
| CCC Categoricals | | 6870-101-0001 | | 706,542 | 655,094 | -51,448 | -7.3% |
| CCC Lease Purchase | | 6870-103-0001 | | 58,328 | 58,328 | 0 | 0.0% |
| CCC Mandates | | 6870-295-0001 | | 4,004 | 4,004 | 0 | 0.0% |
| Total, Proposition 98 CCC | | | | 6,207,482 | 6,222,681 | 15,199 | 0.2% |
| | | | | | | | |
| Other agencies | | various | | 118,508 | 105,957 | -12,551 | -10.6% |
| | | | | | | | |
| Total, Proposition 98 Programs | | | | 57,749,054 | 55,639,786 | -2,109,268 | -3.7% |